

SC Review

Control No. 3926
EIC-M-114
30 March 1966

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ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 4 F 21, CIA Headquarters Building
1015 hours, 30 March 1966

PRESENT:

25X1A9a [REDACTED] CIA, Chairman
Morris H. Crawford, Department of State
25X1A9a [REDACTED] Defense Intelligence Agency
William C. Andrews, Department of the Army
*CDR. James G. Brady, Department of the Navy
25X1A Dr. Robert A. Kilmarx, Department of the Air Force
NSA [REDACTED] National Security Agency
Dr. Quentin West, Department of Agriculture
Ernest Rubin, Department of Commerce
Jerome Forrest, Agency for International Development
25X1A9a [REDACTED] CIA
25X1A9a [REDACTED] CIA, Executive Secretary

ANNOUNCEMENTS:

The Chairman made the following announcements:

On 23 February 1966, the Chairman, EIC requested [REDACTED] 25X1A9a
Chairman of the USIB Ad Hoc Working Group on Soviet Military Expendi-
tures for NIPP 66 refer the matter of tasking an EIC Subcommittee with
monitoring the uses of economic intelligence in military planning to the
Working Group for consideration and comment. The Working Group met
on 2 March, however, [REDACTED] has recently been hospitalized and no 25X1A9a
formal report has been submitted in response to the EIC request.

* Had to leave prior to end of meeting.

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Copies of UNCLASSIFIED tables presenting a detailed compilation of 1964 Soviet foreign trade statistics were forwarded EIC members and selected associate member departments and agencies for information on 29 March 1966. Data presented are based exclusively on the official Soviet foreign trade publication, Foreign Trade of the USSR in 1964, which was released late in 1965.

APPROVAL OF MINUTES:

The minutes of the EIC meeting of 8 February 1966 (EIC-M-113) were approved.

DISCUSSION OF DISCONTINUATION OF STANDING EIC WORKING GROUP
ON [REDACTED]

25X1X7

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25X1X7 The Chairman reviewed the history of [REDACTED] from 1953 when the CIA was assigned the responsibility for coordinating participation in the Program to the present. The responsibility for administering the Program was transferred in March 1965 to the Collection Guidance Staff, CIA. The Chairman stated that time has brought the Program to the point where the major requirements are military, and because the primary coordination is now between the CIA and the DIA it would seem appropriate that the EIC discontinue its Working Group.

25X1C Representatives of the DIA and the Department of the Navy stated that they do have a vital interest in the Program and agreed that the function did belong in the collection channel rather than in the EIC. [REDACTED] the Washington Coordinator [REDACTED] attended this part of the meeting, and stated that while daily informal liaison would take care of most of the problems, at times it would be necessary to call together representatives from the DIA and the military services to discuss certain aspects of the Program, principally those of a policy nature.

25X1A

Members agreed that since the Program is primarily a collection operation, although receiving support from EIC member agencies, this function should be carried out in collection channels and therefore the Working Group should be discontinued as a group reporting to the EIC.

The Chairman stated he would circulate for members approval a memorandum for the Director of Intelligence Support, CIA, who is responsible for the supervision of the Collection Guidance Staff, summarizing the Committee's discussion and its decision to discontinue the Working Group under EIC auspices.

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DISCUSSION OF STANDING EIC WORKING GROUP ON AID AND TRADE
ACTIVITIES OF COMMUNIST COUNTRIES IN LESS DEVELOPED AREAS
OF THE FREE WORLD:

The Chairman recalled that at a previous meeting it had been proposed that this Standing Working Group be made into a Subcommittee of the EIC. The Chairman stated that the proposal had been carefully reviewed, but that since this group was charged with the specific production responsibility for assembling and producing coordinated intelligence on Communist aid and trade activities pertaining to the less developed countries of the Free World, he proposed that it remain as a Working Group. No subcommittee has a similar production responsibility. He reported that the Terms of Reference had been in effect for ten years, were now outdated and suggested that the Working Group be requested to revise the frame of reference to more accurately describe its subject matter scope, functions, organization, and procedures.

Discussion followed and members concurred in the Chairman's recommendation that the group be continued as the Standing EIC Working Group on Aid and Trade Activities of Communist Countries in Less Developed Areas of the Free World. It was agreed that the Working Group be directed to prepare a revised Terms of Reference within six weeks for EIC consideration. Members may submit any proposed changes to Mr. Crawford, Department of State Representative, for passing to the Chairman of the Working Group.

Dr. West, Department of Agriculture Representative, stated that the USDA is now represented on the Working Group by analysts working on less developed areas and consequently that the Department can now make a larger contribution to the activities of the Working Group.

DISCUSSION OF REPORTS OF EIC SUBCOMMITTEES:

The Chairman recalled that the Chairmen of the EIC Subcommittees on Population and Manpower, Agriculture, and Petroleum were each directed by the EIC (see EIC-M-111, 9 December 1965) to meet in formal session: (a) to give consideration to their committee's purpose as outlined in the Terms of Reference and to ways of fulfilling that purpose in an active and effective way, and (b) to assess the over-all value of the subcommittee, assuming an active program. Consideration also was to be given to the possible revision of present Terms of Reference, possible merger with another subcommittee, or abolition of the subcommittee if a continuing benefit could not be justified.

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The Chairman reported that these subcommittees had met during March and had submitted recommendations for Committee action and/or noting, and discussion followed:

Subcommittee on Population and Manpower

Discussion: For the past several years, the subcommittee has met annually to approve the draft of its annual publication of agreed upon basic statistics and to exchange information on research activities. The subcommittee met on 16 March to consider the question of abolition of the subcommittee and the disposition of its annual publication, Population of the Communist Countries, Selected Years, 1938-80.

Action: The Committee accepted the agreed recommendation of its Subcommittee on Population and Manpower that:

1. the subcommittee be abolished;
2. any ad hoc matters requiring EIC action that may come up in the field of population and manpower be referred to the EIC Subcommittee on General Economic Analysis. Representatives of the departments and agencies now represented on the Subcommittee on Population and Manpower (the Departments of State, Commerce, and Labor and the DIA) should be invited to participate in any such discussions by this subcommittee; and
3. the annual publication, Population of the Communist Countries, Selected Years, 1938-80 be discontinued. The CIA will continue to publish and disseminate the Population Wall Chart which is prepared annually by the Bureau of the Census. The Bureau of the Census has agreed to prepare the draft Chart and to submit it informally for review by those departments and agencies now represented on the subcommittee. The Chart will be published with the following footnote:

"These figures have been agreed to by interested agencies of the Government as representing accurate estimates for past dates and reasonable projections for future dates. They have been prepared by the Bureau of the Census, U.S. Department of Commerce, and any questions as to sources and methods used should be directed to the Chief, Foreign Demographic Analysis Division, Code 157, extension 7265."

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Subcommittee on Agriculture

Discussion: The Subcommittee met on 22 March to consider its activities and continuing utility. Members unanimously agreed that the Subcommittee be retained and that its activities be expanded. The Subcommittee has proposed that in order to better apprise its membership on related work currently underway or scheduled, a list of such projects be prepared by each department and agency and mutually exchanged on a weekly basis. This list would include not only those projects entirely oriented toward agriculture but also those projects in which the agricultural economy, food problems, and the like are treated along with other subjects, at a security classification no higher than SECRET. It was also suggested at this meeting that the membership be expanded to include an expert on fisheries from the Department of the Interior.

Action: The Committee noted the report of its Subcommittee on Agriculture and the recommendations contained therein. It was agreed that the Committee would acknowledge the report and the initiation of the proposal for the exchange of current information and request the Subcommittee to give consideration to the identification of priority gaps in information and the existing capabilities to fill these gaps.

The Department of the Army Representative asked if opium poppy production in Communist China was a subject of concern to this Subcommittee. The Chairman replied that if identified as a major intelligence problem it would come under the responsibility of the Subcommittee.

Subcommittee on Petroleum

25X1A9a Discussion: [REDACTED] background report stated that the principal activity of the Subcommittee in recent years has been the issuance of a series of working papers on Military Consumption of Petroleum Products in Communist Countries. The last study covered 1962-63 and the information was provided by the DIA for consolidation by the Subcommittee for review and issuance. The DIA plans to produce these estimates in the future, therefore, Subcommittee sponsorship is not expected or required. Agreed upon statistics for Communist Countries have not been prepared in recent years and except for one element (storage capacity) these data are in fact CIA estimates and it is felt that the Subcommittee is not important or necessary to the preparation of these statistics.

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Minutes of the 25 March meeting were circulated and [REDACTED] Chairman of the Subcommittee, reported that no agreement was reached on the future role of the Subcommittee. The members polarized around two positions, as follows: (1) abolishment was supported by the representatives of the CIA and the DIA, and (2) the continuation of the Subcommittee under different Terms of Reference providing for annual or semiannual meetings to discuss and review intelligence problems and developments was supported by representatives of the Departments of State, the Navy, and the Interior; the Defense Supply Agency, the Agency for International Development, [REDACTED]

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The Chairman stated that one of the functions outlined in the present Terms of Reference that the Subcommittee might direct attention to was the marshalling of information on current POL problems in the community and perhaps the marshalling of resources to meet these problems. The Chinese Communist capability to provide petroleum products to North Vietnam and the Rhodesian oil supply situation were cited as subjects of concern to the community.

It was felt that an exchange of ideas and information of mutual interest would be of value to the community. The Department of State Representative stated that the reflection of consumer needs to the producers would help to provide the information the policy makers needed to do their job. He felt there is a need for an exchange of intelligence on petroleum and it would be worthwhile to have a Subcommittee.

It was then suggested that consideration be given to a new Terms of Reference for this Subcommittee as a basis for further discussion. The Chairman will explore this matter with the CIA member.

Due to the lateness of the hour, further discussion of this Subcommittee will be continued at the next meeting.

The Chairman thanked the members for their participation in discussion and contributions to the solution of these long standing issues.

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DATE OF NEXT MEETING:

The next meeting is tentatively scheduled for Friday, 22 April 1966, at 1015 hours, for discussion of the following:

1. Continuation of discussion of the EIC Subcommittee on Petroleum.
2. Establishment of EIC Subcommittee on Economic Policy in Communist Countries.
3. Terms of Reference of the Economic Intelligence Committee.



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Executive Secretary

SECRETARY'S NOTES:

25X1A5a1 The Subcommittee on General Economic Analysis has reviewed the proposal for continuation of the CIA-sponsored external research project underway [REDACTED] on National Income and Product of the Soviet and Eastern European Economies and have no objection to the proposal. (15 March 1966)

25X1A9a Members approved, by telephone interim action on 11 February 1966, the DIA nomination of [REDACTED] as Chairman of the EIC Subcommittee on Shipbuilding.

25X1X7 Members approved, by telephone interim action on 24 March 1966, release of EIC-R16-S6, The International Trade and Transport of Communist China, 1964, [REDACTED]

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